

# **Income Tax (Concessionary Rate of Tax for Income from Offshore General Insurance Business) Regulations**

## **Table of Contents**

### **1 Citation**

### **2 Definitions**

### **3 Application**

### **4 Concessionary rate of tax**

### **5 Calculation of dividends, interest and gains from sale of offshore investments**

### **6 Apportionment of expenses, allowances and donations**

## **Legislative History**

### **INCOME TAX ACT (CHAPTER 134, SECTION 43C)**

### **INCOME TAX (CONCESSIONARY RATE OF TAX FOR INCOME FROM OFFSHORE GENERAL INSURANCE BUSINESS) REGULATIONS<sup>1</sup>**

<sup>1</sup> Replaces Rg 20, 1993 Ed. (S 511/92).

[5th May 1995]

## Citation

1. These Regulations may be cited as the Income Tax (Concessionary Rate of Tax for Income from Offshore General Insurance Business) Regulations and shall have effect for the years of assessment 1993, 1994 and 1995.

## Definitions

2. In these Regulations —

“capital allowances” means the allowances under section 19, 19A, 20, 21, 22 or 23 of the Act;

“interest from ACU deposits” means interest derived from deposits with an Asian Currency Unit in Singapore;

“offshore general insurance business” means the business (other than the business of life insurance) of insuring and reinsuring offshore risks;

“offshore investments” means —

- (a) stocks and shares denominated in any foreign currency of companies not incorporated and not resident in Singapore;
- (b) securities, other than stocks and shares, denominated in any foreign currency (including bonds, notes, certificates of deposit and treasury bills) issued by foreign governments, foreign banks outside Singapore and companies not incorporated and not resident in Singapore;
- (c) futures contracts denominated in any foreign currency made in any futures exchange;
- (d) any immovable property situated outside Singapore;
- (e) certificates of deposit, notes and bonds issued by Asian Currency Units in Singapore;
- (f) Asian Dollar Bonds approved under section 13(1)(v) of the Act; and
- (g) foreign currency deposits with financial institutions outside Singapore.

## Application

3.—(1) These Regulations shall apply to any insurance company registered under the Insurance Act (Cap. 142) to carry on general insurance business only unless the insurance company has, by notice under paragraph (2), elected for the gains or profits from the whole of its offshore general insurance business and the shareholders' funds supporting such business to be taxed at the rate under section 43(1)(a) of the Act.

(2) Any election under paragraph (1) shall be irrevocable and shall be given by notice in writing to the Comptroller before 1st August 1995 and shall have effect for the year of assessment for which the election is to take effect and subsequent years of assessment.

(3) Notwithstanding anything in paragraph (1), these Regulations shall not apply to any insurance company which has irrevocably elected under the revoked Income Tax (Concessionary Rate of Tax for Income from Offshore General Insurance Business) Regulations (Rg 20, 1993 Ed.) to be taxed at the rate under section 43(1)(a) of the Act.

### **Concessionary rate of tax**

4.—(1) Tax shall be payable at the rate of 10% on the following income derived by an insurance company to which these Regulations apply:

- (a) the income derived from accepting general insurance covering offshore risks and reinsurance covering offshore risks;
- (b) the dividends and interest derived from outside Singapore, the gains or profits realised from the sale of offshore investments, and interest from ACU deposits derived from —
  - (i) subject to paragraph (2), the investment of its insurance fund established and maintained under the Insurance Act for the offshore general insurance business; and
  - (ii) the investment of its shareholders' funds established in Singapore which are used to support the offshore general insurance business as ascertained under regulation 5.

(2) Where the Comptroller is satisfied that any part of the insurance fund referred to in sub-paragraph (b)(i) of paragraph (1) is not required to support the offshore general insurance business of an insurance company to which these Regulations apply, he may adopt such reduced amount of the dividends, interest and gains or profits under that sub-paragraph as appears to him to be reasonable in the circumstances.

### **Calculation of dividends, interest and gains from sale of offshore investments**

5.—(1) The dividends and interest under regulation 4(1)(b)(ii) derived by an insurance company to which these Regulations apply for the basis period for any year of assessment shall be ascertained by the formula —